

OVERVIEW

This section describes the City of Detroit governmental structure, financial procedures, budget development process, and long-term operational and financial policy, and it highlights recommended items in the 2002-03 budget.

GOVERNMENTAL STRUCTURE

Pursuant to the provisions of the State Constitution, Detroit is a home rule city with significant independent powers. In accordance with the Charter, the governance of the City is organized in two branches: the executive branch, which is headed by the Mayor, and the legislative branch, which is composed of the City Council and its agencies. The Charter also provides for an independent City Clerk who serves as Clerk to the Council and Chairperson to the Elections Commission. The Mayor, City Council members and the Clerk are elected every four years. The next regular election for these positions will be in November 2005. There is no limit to the number of terms that may be served by elected officials.

Following is a description of the duties and responsibilities of the various branches of City of Detroit government.

The Charter provides that the voters of the City reserve the power to enact City ordinances by initiative, and to nullify ordinances enacted by the City by referendum. However, these powers do not extend to the budget or any ordinance for the appropriation of money, and the referendum power does not extend to any emergency ordinance. A Charter Revision Commission established by the City electorate in the

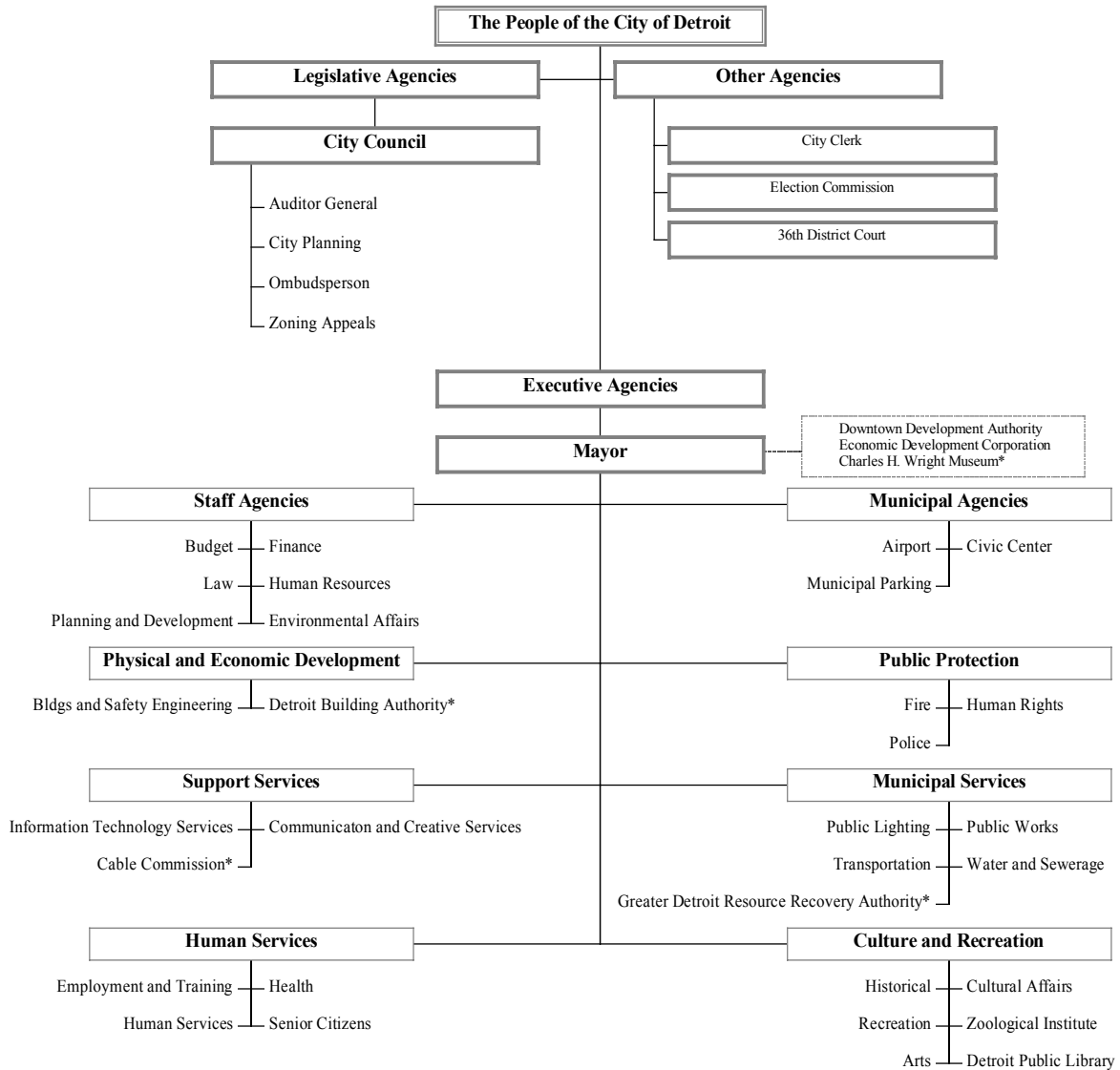
November 2, 1993 general election, issued recommendations in the spring of 1996 which the City electorate approved in the August 6, 1996 State primary election, to take effect January 1, 1997. Most provisions of the 1974 Charter were carried forward into the new charter. Some of the more significant changes included the establishment of a process by which traditional City-provided services may be contracted to non-public entities; a requirement to hold public hearings on budgetary matters prior to the initiation of the Budget process; changes to the appointment process of certain managerial positions; and designation of the Environmental Affairs Department as a Charter-mandated staff department.

The Mayor as chief executive of the City has control of and is accountable for the executive branch of City government. The Charter grants the Mayor broad managerial powers, including appointment of most department directors and deputy directors. The Charter delegates solely to the executive branch the responsibility for implementation of most programs, services and activities. The Mayor must prepare an Executive Organization Plan (EOP) setting forth all agencies of the executive branch and assigning authorized programs, services and activities to each, including the six staff departments (in Article 6), six operating departments and a variety of other specified functions (in Article 7).

Mayor Kwame Kilpatrick's EOP calls for 28 operating and staff departments, including: Police, Fire (including emergency medical

City of Detroit Organization Chart

April 2002



* Does not have departmental status

OVERVIEW

service), Public Works, Health, Recreation, Transportation, and Water and Sewerage. Water and Sewerage Department policies are set by a Board of Commissioners. Early in 2000, a judge appointed the Mayor Special Administrator of the Wastewater Treatment Plant to prevent recurrent environmental noncompliance, and this oversight has been left in place indefinitely.

The City is not responsible for traditional welfare programs; however, the City does administer a number of social assistance programs through its Human Services, Employment and Training and Senior Citizens Departments. Generally, these programs are funded from the Federal or State of Michigan grants or from funds received from the private sector.

Financial operations of the City are carried out through the appointed positions of Finance Director and Budget Director. The Finance Director is the Chief Financial Officer of the City overseeing most financial functions of the City, including coordinating financial activities, collecting and disbursing funds, directing accounting procedures, purchasing goods and services and the assessing of property in the City. The Budget Director is responsible for the development of program and service objectives, controlling and supervising the expenditure of funds, long term financial planning, and for assisting the Mayor in the preparation of the City's annual budget and long-term capital agenda.

The City Council, composed of nine members elected at large for 4-year terms, is the City's legislative body. The City Council has the power to override the Mayor's veto

with a two-thirds majority of its members. Three agencies that aid the City Council in the performance of its duties are described below.

The Auditor General is appointed for a term of 10 years by a majority of City Council members serving and may be removed for cause by a two-thirds majority. Any person who has held the position of Auditor General is not eligible for reappointment. By Charter, the major duty of the Auditor General is to audit the financial transactions of all City agencies; however since 1980 the City has retained independent accounting firms to perform that function. Due to the requirements of State law, annual audits are performed, although by Charter, internal audits are required only every 2 years. The Auditor General may investigate the administration and operation of any City agency and prepares various reports including an annual analysis for the City Council of the Mayor's proposed budget.

The Ombudsperson is appointed for a term of 10 years by a two-thirds majority of City Council members for the purpose of investigating any official act of any agency (except elected officers) which aggrieves any person.

The City Planning Commission, consisting of nine members appointed by the City Council for 3-year terms, advises the City Council on such matters as the annual capital budget, certain development or renewal projects and proposals for the demolition, disposition or relinquishment of, or encroachment upon, public real property or public interests in real property.

OVERVIEW

The City is responsible for the financial and administrative affairs relating to the 36th District Court. 36th District Court is Michigan's largest limited jurisdiction court, handling over 400,000 criminal, traffic, civil and parking cases filed in the City each year.

Local School Boards are separate local jurisdictions in Michigan. In March of 1999 State legislation gave the Mayor of Detroit the responsibility of appointing six of the seven members of the Detroit School Board. The Governor appoints a member. The Board selects its chair and the school superintendent. The legislation sunsets in 2004.

In 2001, the City Administration notified City Council of its intention that the Detroit Housing Commission would begin acting as a public body pursuant to State law, effective September 21, 2001. The Kilpatrick Administration's Recommended Budget for 2002-03 continues this position by not including Housing as part of the City's overall budget.

FINANCIAL PROCEDURES

The City's accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The accounting and financial reporting policies of the City conform to generally accepted accounting principals (GAAP) and reporting standards as promulgated by the Governmental Accounting Standards Boards (GASB). Each department and agency receives financial information along appropriation, organization, program and project lines, but in an integrated environment. This information is used to allocate financial

resources and to control actual expenditures in relation to the amended budget. In addition, historical information from these reports can be used for analysis and preparation of the annual financial report.

The City utilizes the Detroit Resource Management System (DRMS) to record and process financial information. For example, DRMS is now being used to conduct business for all of the City's "core" financials (purchasing, accounts payable, accounts receivable and general ledger), as well as to track applicants for employment and for budget processes.

Basis of Accounting

The City's financial statements are prepared in conformity with generally accepted accounting principles. "Basis of accounting" refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Except for the City's Enterprise Funds and Pension Funds (which are accounted for on the accrual basis), the City's funds and accounts are maintained and reported on the modified accrual basis of accounting. Under the modified accrual method, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, except for expenditures for debt service on long-term debt.

Municipal income taxes are accrued for

OVERVIEW

income tax withholdings estimated by the City, as collected by employers but not yet remitted to the City. Estimated refunds for income tax returns received and in process, on which payment has not yet been made, are recorded as a reduction of revenues. Although the City recognizes revenues from sources when susceptible to accrual, the City also establishes reserves from time to time against certain of the revenues so recognized, to reflect its judgment of collectibility.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, including the 60 day period after year end, because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The City records expenses when goods and services are received, and encumbers the amounts required by purchase orders and contracts at the time the purchase orders and contracts are issued. The encumbrances are liquidated when the goods and services are received.

Basis of Budgeting

The Budget is prepared on the same principles as the accounting system. The General Fund is budgeted on a modified accrual basis and enterprise funds on the accrual basis. The Charter requires that the Budget is based on Programs, and budget appropriations for the most part reflect programs except that overhead costs of activities are not apportioned in allocations.

Fund Balance

The fund balances of the General, Special Revenue and Capital Projects Funds have been classified to reflect certain limitations and restrictions. Reserves for Inventories are equal to the amount of the inventories and signify that such assets are not presently available for appropriation and expenditure. While the City is not required to carry unliquidated encumbrances past the end of the fiscal year, it sets aside, within each respective fund balance, an amount equal to the unliquidated encumbrances that the City wishes to carry forward. In the succeeding year, the budget is increased by an amount sufficient to cover the unliquidated encumbrances and these encumbrances are reinstated. Unliquidated appropriations represent amounts appropriated for liquidation of encumbrances and for other commitments not liquidated by year-end and carried forward to the succeeding year's budget. Any remaining balance constitutes an unappropriated surplus. In accordance with a City ordinance, one-half of any unappropriated surplus is transferred to a Budget Stabilization Fund with the balance being available for other appropriations in the following fiscal year. Any unappropriated deficit is funded in the succeeding fiscal year.

The Budget reflects half of this General Fund balance as a prior year surplus (revenue in the Non-Departmental budget) or deficit (appropriation in the Non-Departmental budget). All other Funds do not include a Prior Year Fund Balance.

Budget Stabilization Fund - In 1978, the State Legislature authorized municipalities to establish budget stabilization funds for the

OVERVIEW

purpose of providing a method to stabilize financial operations, especially during cyclical economic periods. In 1979, the City, by ordinance, established the Budget Stabilization Fund of the City to cover General Fund deficits, to restore reduction in the number of employees and to cover expenses arising because of a natural disaster. One-half of the General Fund surplus is to be appropriated to this fund in the fiscal year following the year that a General Fund surplus is experienced, up to the lesser of either 15% of the City's most recent General Fund budget or 15% of the average of the City's five most recent General Fund Budgets. As of June 30, 2001, the Budget Stabilization Fund reported a balance of \$34 million. No deposit will be made to this fund this fiscal year because no surplus was recorded for the June 30, 2001 year.

This fund is not reflected in the Budget.

GASB 34 Activities

Government Accounting Standards Board Statement #34 establishes new requirements for the annual financial reports of state and local governments. The City has taken steps to improve the descriptiveness and usefulness of its base financial information, and has plan of work for achieving GASB goals.

BUDGET PROCESS AND CONTENT

The general content and the process of developing the City's annual budget are prescribed by the City Charter. The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenues from all sources and all appropriations. Proposed capital

appropriations are included. The City estimates a prior year surplus or deficit for the General Fund, which reflects the ending financial position for the prior year (the "fund balance"). Any deficit during the preceding year is entered into the budget for the next fiscal year as an appropriation in accordance with the City Charter. One-half of any surplus is credited to the Budget Stabilization Fund with the remainder being included as a revenue in the following year. The total of proposed expenditures cannot exceed the total of estimated revenues so that the budget as submitted is a "balanced" budget.

Budget Calendar

The City Charter, since its 1997 revision, requires before November 1 of each year and prior to submitting a proposed annual budget (by December 8), that the departments of Police, Fire, Public Works, Water and Sewerage, Recreation, Health and Public Lighting conduct a public meeting to review programs, services and activities to be included in the budget and to receive public comment. Departments are required to publish a general summary of programs, services and activities funded in the current fiscal year, in one or more daily newspapers of general circulation in the city. The summary includes funds spent or encumbered in the current fiscal year. The charter requires that notice is published not less than ten days before the day on which the meeting is held, and shall state the date, time and place of the meeting. The annual public budget meeting requirement is coordinated by the Budget Department (for all departments except Water and Sewerage, who hold their own public meetings). A meeting takes place in the Fall of each year, on the east and on the west sides of the city,

OVERVIEW

including a citizen survey also posted on the city website.

The initial budget, which includes all department estimates of revenues and expenditures required for the fiscal year beginning July 1, is submitted to the Mayor by the Budget Department on or before the preceding February 22. The Mayor may revise the budget prior to submitting it to the City Council on or before April 12, the date established by City ordinance.

Prior to approval of the budget, the City Council holds hearings with various department and agency heads and also holds a public hearing. In addition, the Auditor General prepares an analysis of the proposed budget for the City Council. The City Council may amend the budget as presented by the Mayor, on or before May 17. Any Mayoral veto of City Council amendments to the budget may be overridden by the City Council by a two-thirds vote of the members serving, within 3 business days following a Mayoral veto. Under the City Code, the City Council's reconsideration of the budget must be completed within the longer 3 calendar days or 2 business days following the maximum return date of the budget by the Mayor and any Mayoral veto.

Budget Adoption

The adoption of the budget provides for: 1) appropriations of specified amounts from

funds indicated, 2) a specified levy of the property tax, and 3) provision for the issuance of bonds specified in the capital program. The budget document as adopted becomes the basis for establishing revenues and expenditures for the fiscal year following the fiscal year of passage.

Appropriations - The Charter requires that appropriations be made in lump sums to the agencies for specific programs, services or activities or to additional classifications as the Mayor may recommend. Within an appropriation, the Mayor is given the responsibility of allocating financial resources to labor, equipment, supplies and materials in a manner which appears most suitable and economical in a given situation. However, the accounts of each agency are maintained in such detail as required by generally accepted standards of financial reporting.

Budget Revisions

The appropriation for every function of each City department is a fixed expenditure and may not exceed the original appropriated level without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for

OVERVIEW

BUDGET CALENDAR FOR FISCAL YEAR 2002-2003

MAJOR DEPARTMENTS conduct a public meeting to review proposed services and activities and receive public comment. On or before Thursday, November 1, 2001

VARIOUS OFFICERS, DEPARTMENTS, COMMISSIONS AND BOARDS shall complete their estimates of requirements for each activity during the ensuing fiscal year. On or before Friday, December 7, 2001

The *BUDGET DIRECTOR* shall make up and transmit to the *Mayor* a tabulation of such estimates. On or before Friday, February 22, 2002

The *MAYOR* shall consider the budget and may revise or alter same, to be completed and returned by him to the *Budget Director* for tabulation. On or before Friday, March 29, 2002

The *BUDGET DIRECTOR* shall retabulate the revision and the *MAYOR* shall transmit the revised budget to the *City Council*. On or before Friday, April 12, 2002

The *CITY COUNCIL* shall consider the budget transmitted by the *Mayor* and may revise, alter, increase or decrease, to be completed. On or before Friday, May 17, 2002

The *CITY CLERK* shall retabulate the budget at revised by the *Council* and transmit it to the *Mayor* for his approval or rejection. On or before Friday, May 24, 2002

The *MAYOR* shall return the budget to the *City Council* with his approval, or if he shall disapprove the whole or any items therein, with a statement of his reasons therefore. On or before Thursday, May 30, 2002

The *CITY COUNCIL* shall act upon any item or items that shall have been disapproved by the *Mayor*. On or before Monday, June 3, 2002

After the *MAYOR* shall have approved the budget, or the *CITY COUNCIL* shall have acted upon any part or item thereof which shall have been disapproved, the *FINANCE DIRECTOR* shall make an itemized statement of the amount to be raised by taxation, and a similar statement for the issue of bonds. On or before Monday, June 10, 2002

Begin City operations under the control of the 2002-03 Budget Monday, July 1, 2002

OVERVIEW

the year up to the amount of the excess. In the case of revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. The Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services or activities within an agency or from one agency to another.

Fiscal Year 2002-03 Budget Goals and Budget Guidelines

The 2002-03 Recommended Budget is based on realistic revenue and expenditure assumptions. When the Budget process began, a major budget gap had to be addressed due to additional costs and revenue shortfalls. Examples include:

- Decline in income tax collections associated with the slowing economy
- Effects of continued reduction in personal income tax rates
- 312 arbitration for Police and Fire unions
- New contract negotiations with most other unions
- Flat State Revenue Sharing funds

To deal with this urgent situation, certain standardized constraints were imposed on departments. These included:

- Make requests not exceeding 95% of their 2001-2002 “Net Tax Total,” essentially making a 5% cut in operations if new revenues are not available. This applies as well to subsidies received from the General Fund.
- Make no requests in the primary budget request which may force layoffs. Vacant

positions may be deleted, and new positions requested only if a funding source is identified.

- Prepare three prioritized lists on a program or decision-making package basis – including program impact statements – which:
 - a) Result in a “Net Tax Total” roughly equivalent to 2001-02
 - b) Provide any new or enhanced programs that relate to core services identified for the city, including complete costs (positions, supplies, equipment) and a description of how they relate to core services.
 - c) List items currently included in the Budget which are not essential services and have no direct relationship to core services.
- Make only limited requests for travel, basically involving funding sources other than the General Fund.

Departments were given a number of standardized assumptions for use in preparing their requests, such as:

- Utility costs same as in 2001-02 budget, except for water (108%) and sewerage (115%)
- Supply costs to reflect a general 2% inflation rate, unless other specific information was available
- High priority on new and increased revenues, particularly fees and user charges. Special emphasis was given to reviewing fee schedules to insure that fees and charges for service reflect the value of the service and the City cost of providing the service
- Salary and Wages based on current

OVERVIEW

- negotiated rates
- Fringe and pension costs per a schedule
- Travel and Training requests to include detailed information
- Automotive Equipment per a prescribed replacement schedule, requested in a five-year horizon through the newly-formed Vehicle Management Steering Committee
- Coleman A. Young Municipal Center rental rate
- Technology costs per a schedule

The budget was prepared using the BRASS software. The Budget Department held a series of training workshops in September and October 2001 for each department to electronically submit their budget requests. The Budget Department also held the annual Budget Request Training Session for departments on October 17, 2001 to explain changes to the budget and to provide additional technical assistance. Departments were asked to continue their emphasis on information flow. Budget offered an orientation seminar for new Administration staff on February 14, 2002, and it included guidance about preparation of budget narratives.

Recommended 2002-2003 Budget Items

The following are major items and programs included in the 2002-2003 Mayor's Recommended Budget.

Infrastructure and Overhead

- ❖ DTC PEOPLE MOVER – \$7 million in General Obligation bonds for improvements to software and operating components of the People Mover System

- ❖ DWSD REVENUE BONDS – \$360 million to update water infrastructure and \$410 million for upgrading sewerage infrastructure, in compliance with federal mandates
- ❖ PLD BONDS – \$6.8 million in bonds to modernize light poles, residential street lighting and substations
- ❖ DRMS (DETROIT RESOURCE MANAGEMENT SYSTEM) – Funding for the completion of current programs, researching Human Resource and Payroll technology for future implementation
- ❖ TELECOMMUNICATIONS SAVINGS PROGRAM – \$500,000 in General Fund savings, \$750,000 citywide in telecommunications accounts, by establishing a stronger monitoring process, including transfer of 1 Principal Clerk from ITS to Budget
- ❖ VEHICLE MANAGEMENT SYSTEM – \$28 million for vehicle fleet purchases in the internal service fund in the nondepartmental budget, for vehicles for General Fund agencies including Fire, Police, DPW, Recreation and PLD
- ❖ DETROIT ZOO BONDS – \$2.1 million in bonds for repairs and infrastructure
- ❖ DETROIT INSTITUTE OF ARTS BONDS – \$5 million in bonds for improvements
- ❖ RECREATION BONDS – \$5.3 million in bonds for improvements in park, recreational and eastern market facilities
- ❖ HISTORICAL BONDS – \$2.265 million in bonds for Detroit Historical Museum expansion and Fort Wayne renovation

OVERVIEW

Mayoral Program Priorities

- ❖ FIRE AND POLICE DEPARTMENTS – \$1.5 million for Fire Station renovations and \$1 million for Police Station renovations
- ❖ HELICOPTERS – The recommendation includes lease funding for three new Police helicopters at a cost of \$1.1 million per year
- ❖ DEMOLITION – operation integrated into the condemnation process through a transfer from DPW to Buildings and Safety Engineering, and \$13 million in Block Grants for major building demolition
- ❖ EXPANDED CLEAN-UP EFFORTS – introduction of a coordinated City-wide clean-up effort spearheaded by Neighborhood City Halls
- ❖ ENVIRONMENTAL ENFORCEMENT – establishment of a 20-person Compliance and Enforcement Division in the Department of Environmental Affairs to more aggressively enforce environmental violations throughout the City
- ❖ CONSOLIDATION OF INSPECTORS – Integration of 33 rodent control inspectors from DPW, with existing food sanitation and community and industrial hygiene inspection activities in the Health Department
- ❖ BROWNFIELDS EXPERTISE – transfer of 3 PDD positions to the Department of Environmental Affairs to centralize the City's interface with developers, State and federal governments and to contain costs and potential liabilities

- ❖ COORDINATED APPROACH TO YOUTH SERVICES – more resources behind advocacy for at-risk youth through transfer of staff from the Youth Department to the Human Services Department Child Development Division, and added policy direction to after-school programs in Recreation through transfer of Youth Department staff and funding

Other Necessary Measures

- ❖ ELIMINATION OF 4 APPOINTIVE POSITIONS – the Deputy Director of Airport, the Director of Youth, and the Director and Deputy of Consumer Affairs have been eliminated along with their Executive Secretaries.
- ❖ POSITION CHANGES – The recommended Budget includes 1,089 less positions than current allocation. This includes removal of 442 Housing positions
- ❖ TRANSFER OF CONSUMER AFFAIRS FUNCTIONS – transfer of functions to other agencies to more effectively coordinate efforts and save overhead: consumer advocacy to Senior Citizens Department; Business License Center to Planning and Development Department; Weights and Measures regulation to the Police Department
- ❖ BUILDINGS AND SAFETY ENGINEERING ENTERPRISE FUND – a separate revenue fund for the enforcement of Michigan Public Act 249 of 1999 has been established, and B&SED will be viewed as an Enterprise Agency. The Act states that the use of

OVERVIEW

fees generated under this section can only be used for the operation of the enforcing agency, the construction board of appeals, or both and shall not be used for any other purpose.

- ❖ **FEDERAL AND STATE GRANTS** – increase of \$3.2 million in Human Services Head Start programs
- ❖ **AIRPORT** – This recommendation recognizes City Airport as a General Aviation facility with a reduction of 19 positions

- ❖ **INCOME TAX REVENUE REDUCTION** – \$60 million less in income tax collections, based on the economy and the rate roll-back schedule
- ❖ **BELLE ISLE ZOO** – Belle Isle Zoo will not reopen this summer saving \$600,000. The Zoo is enhancing its educational initiatives to accommodate those visitors.
- ❖ **DOT FARE** – Bus fare will increase from \$1.25 to \$1.50 (and to \$0.75 for students, from \$0.50)

OVERVIEW

Report of the 2001 Public Budget Meetings and Citizen Survey

The 5th annual public budget meetings were held on October 23, 2001 at Dominican High School, and October 25, 2001 at the Joseph Walker Williams Community Center. The meetings centered on a survey, also made available on-line and through the mail. Youth public meetings were held in six Detroit public high school classes as well, throughout the first week of November. The objectives of this outreach, organized by the Budget Department, are to gain citizen input, and to publicize the programs and services of major departments and the process for resource decisions about them. This report describes the method and findings of this outreach.

METHOD: WHO PARTICIPATED AND WHAT WE ASKED THEM

Outreach.

Postage prepaid survey mailers were distributed inside an informational brochure that was bulk mailed to 3,517 community groups. They were also made available through some city facilities. Surveys could also be completed on the City of Detroit website.

WWJ aired a Public Service Announcement of the meetings, and the Cable

MEETING ATTENDANCE (84)

MAILER + INTERNET SURVEYS (218)

HIGH SCHOOL PARTICIPATION (159):

Cass Technical (62)
Central (18)
Mackenzie (24)
Northwestern (22)
Renaissance (33)

Communications Commission filmed both sessions for Channel 10. An informational packet describing the budget process, key staff contacts, and activities and coming year priorities of the participating departments was distributed to citizens on request.

Survey and Meeting Format.

There were four survey sections: ratings of Mayor Archer's core service priorities; satisfaction ratings and budget allocations for six major departments; a citywide budget allocation across departments; and demographics and comments about services "in my neighborhood." At each meeting, citizens were guided through each section of the survey, followed by an open comment period. A complaint table was set up to handle individuals' issues.

PRESENTERS at the 2001 MEETINGS:

BUDGET – Roger Short, Budget Director
FIRE – Tyrone Scott, Dep. Commissioner;
W. Niles Sexton, General Manager
HEALTH – James Buford, Director; Judith West, Deputy Director
POLICE – Jerome Peters, 3rd Deputy Chief
PLD – Mark Petty, Director
DPW – Michel Bongo, Accounting Manager
RECREATION – Tim Karl, Assistant Chief
Landscape Architect; Virginia West-Anderson, Assistant Super-Rec.; Donald Burton, Super-Building Maintenance; Marcel McGehee, Manager-Belle Isle

Evening meetings were completed in two hours. Youth meetings, led by Budget Department Team Leaders at Detroit Public Schools, were completed in a 55-minute class session. 63 completed surveys were received at the evening meetings, 125 from the internet, 93 from mail, and 159 from six high school classes at five schools.

OVERVIEW

Participation.

The profile of meeting respondents is similar to the profile of those responding by mail or internet, except for higher incomes and fewer seniors reported among mail or

internet respondents. The mix of adult survey respondents as a whole, as expected, has not been similar to the mix of Detroiters as a whole, at least based on 2000 Census information that is available to date:

Selected Characteristics: Demographics reported on Survey	Meeting respondents (63)	Mail/Web respondents (218)	2001 total respondents (281)	2000 City*
HOUSEHOLD:				
% of hholds under \$25,000 ann. income	15.9%	12.6%	13.2%	\$30,383 (median)*
% of hholds btwn \$25,000-\$49,999	36.4%	28.1%	29.6%	
% of households over \$50,000	47.7%	59.3%	57.2%	
% home ownership	70.5%	78.8%	77.9%	52.9% (1990)
INDIVIDUAL:				
% “not presently employed”	1.6%	5.5%	4.6%	9.4% *
% between 18-24 years	4.5%	3.4%	3.6%	9.7%
% between 25-54 years	68.2%	75.6%	74.3%	41.5%
% over 54 years	27.3%	21%	22.1%	17.5%

* City data is from 2000 Census Supplementary Survey (income categories are not yet available); unemployment rate is MDCD (10/2001 – excludes retirees)

Between 6.3% (employment) and 13.3% (home ownership) of respondents did not report on any given item

Because of the non-randomness of citizen participation, as well as differences between the mix of respondents and the City’s overall mix, this study does not in a statistically significant way predict Detroiters’ attitudes. It can provide modest insight into specific populations such as activists, homeowners, or seniors. As expected, like seniors and homeowners, people who consider themselves active in their block club were likely over-represented in this mix. All 28 Detroit zip codes were represented by survey respondents, 18 of these at the meetings.

The meeting group, the group of mailed-in surveys, and the internet group of surveys

are combined in this study. The group of surveys received from high school classes is studied separately. Two of the participating high schools are magnets, so 24 of 28 zip codes were represented among youth respondents. Five of the six participating classes were Government classes, which all students are required to take. Youth opinion in this study is 15- or 16-year olds (high school sophomores).

FINDINGS: WHAT CITIZENS TOLD US *Citizen budget preferences.*

Support for the priority of public safety, virtually unanimous in prior years, was closer to that for neighborhood improvement

OVERVIEW

in the 2001 survey. There are no major differences in these priorities among those reporting high incomes, block club activism, or homeownership. All but 16 of those

completing the “core service priority rankings” gave #1 priority to either Public Safety or Neighborhood Improvement. Likewise, among youth respondents.

Section I: Core service priority rankings

	Public Safety	Neighborhoods	Internal Staff
All adult (239)	1.61	1.74	2.67
Age 54+ (48)	1.46	1.92	2.58
Youth (159)	1.48	1.98	2.54

The service satisfaction ratings in survey Section II (“very satisfied” or ‘1’, to “unacceptable” or ‘5’), are *p.6*. For most services, as is common using this rating scale, ratings tend to be in the middle, at ‘3’. Satisfaction ratings over the four survey years are stable for most services (see Appendix). Garbage pickup, fire services, and some health services ratings continue to average in the 2.0s in 2001. Maintenance issues (streets, playgrounds, recreation centers) and environmental issues (code enforcement, dumpsite cleanup and demolition) again received the worst average ratings, at 4.0 or higher. Not surprisingly, many people know little about services such as public health and steam production. Many people also reported no knowledge of fire department services.

Youth satisfaction ratings were higher (more favorable) across the board than average ratings by adult survey segments. Youth admitted “don’t know” at roughly the same frequencies as adults.

Service priorities for each department were measured by the budget allocations that citizens made to departments’ proposals in the “Your Budget” section under each department: namely, how much was allocated on average to each, and, the incidence of \$0 allocations. Respondents

effectively completed this section in 2001.

Section II: Clear Winners

- ◆ adding officers in the field (diversity training was of similar importance on youth surveys)
- ◆ replacing fire vehicles (youth surveys priority was for more ambulances and technicians)
- ◆ street lighting modernization (same in youth surveys)
- ◆ maintenance of recreational facilities (working with the Detroit Public Schools was also important to youth)
- ◆ demolition (improving the snow emergency program was also important to youth)

Section II: Clear Losers

- ◆ improving Eastern Market
- ◆ educating people about refuse collection
- ◆ installing cameras in cell blocks
- ◆ a Fire Training Coordinator
- ◆ upgrades to steam power equipment

There were “Clear Winners” among the priorities: few respondents allocated \$0 to these priorities, and the average of what they did allocate was higher than the average given to other priorities (*p. 7*). No other clear priorities emerged from high income, homeowner, or activist respondents, or from youth. Adding ambulances and improving recreation programs also received high levels of support among their departments’

OVERVIEW

priorities. None of the Health Department's priorities were clear winners, but birth and death records, dental services for the uninsured, and animal control received markedly less support among them.

"Clear Losers" were evident among Department priorities, as measured by both the lowest average \$ allocations and the highest number of \$0 allocations received. These items were the same across survey groups, and among homeowners, activists and higher incomes.

In survey Section III, citizens were given the current share of the total General Fund for each of the major departments, staff agencies, and other tax-supported agencies. 89% of adult survey respondents and 82% of youth respondents completed this section (sizably more than in prior years). Police and DPW were most likely to be decreased. The

greatest shows of support were for Recreation, Fire and PLD. Citizens typically cut the "Other Agencies" category. Homeowner budgets were slightly less likely to include decreases for major service departments (reducing the "other" agencies line instead), but other such patterns were not evident for higher income or activist groups.

Youth budgets were less generous with increases to the major departments: a lower % of youth surveys increased budgets for the major departments with the exception of Health, and youth were more likely to increase allocations for staff agencies and for other tax-supported agencies. However, DPW was the only department more likely to be decreased by youth (1/2 of youth surveys did so).

Section III: Percentage of citizen budgets that decreased or increased current department shares of the total 2002 City budget, with average decreases or increases made:

Service	Share of 2002 budget	% surveys w/ decreases	Average \$ dec (% dec)	% surveys w/ increases	Average \$ inc (% inc)
Fire	8.06%	12.8%	-\$2.30 (28.5%)	82.7%	\$4.23 (52.5%)
Police	19.05%	26.7%	-\$6.45 (33.9%)	68.7%	\$2.96 (15.5%)
Public Lighting	3.74%	13.2%	-\$1.20 (32.1%)	81.5%	\$3.70 (98.9%)
Public Works	13.05%	40.7%	-\$3.99 (30.6%)	50.6%	\$2.88 (22.1%)
Recreation	3.43%	9.9%	-.98c (28.6%)	86.0%	\$5.13 (149.6%)
Health	5.00%	16.9%	-\$1.82 (36.4%)	51.9%	\$6.00 (120%)
Staff agencies	20.90%	86.4%	-\$6.73 (32.2%)	7.8%	\$3.85 (18.4%)
Other tax-supported	26.77%	84.4%	-\$9.78 (36.5%)	10.7%	\$4.55 (17%)

243 surveys (89%) included completed budgets. This is a substantially higher completion rate than in prior years.

Subjects of citizen concern.

Written comments about "services in my neighborhood" were made on almost 60% of surveys. Over 10% of those who made comments (18) emphasized the adequacy of city services in their neighborhoods, without criticism. Clearly, the focus of the exercise is on areas needing improvement, and the most

frequently mentioned items are grouped by type.

Some of the broadest concerns have been consistent over the years: the physical appearance of neighborhoods, primarily maintenance and enforcement activities; a perception that downtown and big

OVERVIEW

developments are emphasized at the expense of the neighborhoods; a suspicion that city departments are wasteful and city employees aren't hard working. Citizens continue to push for more cooperative approaches with the community, such as staffing recreation programs, community policing, deputizing citizens to do code enforcement in their neighborhoods, and disseminating more information about city services.

In this survey, many more respondents pushed innovation in city government, such as selling off assets, privatizing or transferring the administration of them (City Airport, public lighting, Eastern Market, Detroit Zoo, Camp Brighton, public health). Many comments focused on the need to combine or reduce the number of city departments, in favor of neighborhood-oriented services. A few comments focused on increasing city effort, in affordable housing, health care and job training.

Youth concerns are focused most on police protection, street maintenance, demolition, cleanup and recreation opportunities. Youth were more likely than adults to express generalized concerns about abandonment in their neighborhoods, and a desire for developing shopping malls and new housing on vacant land. Youth shared the adult interest in more community involvement in public affairs, in the form of community meetings, community organizations, and

communication from the City.

Some citizen priorities have come forward strongly. Participants have indicated significantly more support for the goal of a safe city than for any other goals each year. Likewise, citizen satisfaction ratings for major city services have been consistent over all four years. Some clear "winners" and "losers" emerged from departmental proposals for the coming year.

Next Year.

We will invite the Mayor's participation in the event, to increase city agency participation in promotion and attract more citizens. We will continue to solicit more active host sites, and to advertise the survey ("vote now"), its availability on the city web site, and the gifts and refreshments provided.

Further analysis of meeting data will be possible if we continue to receive such substantial internet/mailed response. This type of survey describes opinions, rather than lending itself to explanations of it (why people want a budget decreased, what are their expectations of a given service, etc.). If there is interest in explanations of citizen opinion, particularly at the sub-group level, then the focus group first convened in 2000 would have to be reconvened. Or, a much more elaborate survey – more probing questions and demographics – would have to be developed.

OVERVIEW*SATISFACTION RATINGS FOR MAJOR CITY SERVICES (SURVEY SECTION II)**'1' (Very Satisfied) to '5' (Unacceptable)*

DEPARTMENT	Service Description	2001 Average Ratings / Youth	2001 % "Don't Know" / Youth
DPW	Garbage pick-up	2.5 / 2.37	0.76% / 2.0%
	Dump site/ vacant lot cleanup	4.05 / 3.74	5.3 / 12.8
	Environmental Enforcement	4.18 / 3.51	4.2 / 19.0
	Demolition	4.02 / 3.64	4.2 / 19.7
	Snow & ice removal	3.02 / 3.29	0.76 / 2.6
	Street cleaning	3.19 / 3.04	2.3 / 8.3
	Streets and traffic Design	3.15 / 2.82	0.1 / 15.4
	Street Maintenance	3.78 / 3.46	0.0 / 20.6
POLICE	Precinct response to calls	3.55 / 3.41	7.3% / 6.7%
	Partnerships with community	3.23 / 3.3	12.5 / 15.3
	Crime prevention	3.60 / 3.36	9.3 / 6.1
	Victim Assistance	3.62 / 3.11	24.8 / 24.6
	Traffic Enforcement	3.45 / 2.68	3.9 / 5.4
	Narcotics Enforcement	3.57 / 3.22	15.5 / 31.4
PLD	Street Lighting	3.56 / 2.86	0.35% / 2.0%
	Steam or electricity distribution	3.15 / 2.19	41.2 / 32.8
	Electricity Production	3.20 / 2.26	27.6 / 30.6
FIRE	Fire Suppression	2.76 / 2.16	25.9% / 22.7%
	Fire Prevention	2.89 / 2.57	24.2 / 14.7
	Arson Investigation	2.91 / 2.86	40.4 / 46.3
	Emergency Medical Service	2.95 / 2.54	17.9 / 6.8
	Environmental Disaster response	2.92 / 2.66	40.9 / 47.2
RECREATION	Center & equipment maintenance	3.86 / 2.63	13.5% / 13.0%
	Landscaping of parks & trees	3.22 / 2.39	5.1 / 13.0
	Belle Isle/Riverfront parks	3.46 / 3.39	1.8 / 5.4
	Recreation programs	3.42 / 3.28	17.2 / 6.8
	Athletic leagues/competition	3.29 / 3.65	27.5 / 6.8
	Playground maintenance	3.89 / 3.33	7.0 / 3.3
HEALTH	Animal Control	3.24 / 3.02	21.3% / 22.5%
	Birth and Death Records	2.55 / 2.16	37.0 / 61.2
	Communicable Disease & Immun	2.71 / 2.64	37.0 / 29.6
	Food Handlers/Restaurant.Inspec	2.90 / 3.11	31.4 / 12.1
	Pregnant women & children	2.63 / 2.50	44.8 / 37.4
	Primary medical & dental care	3.00 / 2.45	41.4 / 16.3
	Substance abuse services	3.21 / 3.06	40.3 / 45.0

OVERVIEW

CITIZEN RANKINGS OF DEPARTMENT PROPOSALS FOR THE 2002-03 BUDGET MEASURED FROM "YOUR BUDGET"

<u>Dept</u>	<u>2002-03 priority presented by Department</u>	<u>Average Citizen \$</u>	<u># of \$ 0</u>	<u>Average Youth \$</u>	<u># of \$ 0</u>
<i>FIRE:</i>	Renovations and building repairs to existing fire stations	2.01	20	2.49	3
(N=126 / 158)	Additional ambulances and ambulance technicians	2.84	7	2.95	2
	Employee Training Coordinator	1.72	26	1.93	5
	Replacement of pumpers, trucks and squad cars	3.43	4	2.63	3
<i>POLICE:</i>	Installing cameras for cell blocks	1.66	42	1.89	15
(N=129 / 154)	Develop diversity training	2.46	25	2.75	9
	Adding officers to mobile support and abandoned vehicles	3.90	12	2.80	9
	Addition of three turbine engine helicopter	1.92	37	2.50	9
<i>PLD:</i>	Upgrades of equipment to transmit steam power	2.29	27	2.80	11
(N=127 / 158)	Upgrades of power distribution infrastructure	3.04	19	3.06	4
	Modernization of street lighting	4.60	6	4.13	0
<i>DPW:</i>	Educating people about bulk and regular trash collection	1.03	59	1.22	30
(N=128 / 158)	Improving Snow Emergency Program coverage of streets	2.14	17	2.54	3
	Rodent control in targeted areas	1.82	18	1.78	8
	Demolition of dangerous buildings	3.29	4	2.49	2
	Sidewalk replacement	1.73	23	1.97	7
<i>RECR.:</i>	Improve programs in each Recreation District	2.58	22	2.11	11
(N=126 / 158)	Improve Eastern Market operations	1.44	49	1.39	22
	Preventive maintenance/cleanliness of facilities	2.77	13	2.14	4
	Create Training Plan to hire employees with special skills	1.58	31	1.77	11
	Work with Detroit Board of Education facilities	1.77	32	2.58	6
<i>HEALTH:</i>	Childhood immunization services	1.76	23	1.70	8
(N=127 / 157)	Prevent and control communicable diseases	1.70	14	1.68	7
	Dental services for the uninsured	1.29	37	1.36	12
	Substance abuse prevention and treatment	1.73	15	1.37	13
	Birth and death certificates	0.86	61	1.00	25
	Animal control	1.17	33	1.08	21
	Restaurant inspections	1.51	21	1.64	4

Notes: Survey figures are weighted to reflect a \$10 total by department

Average service budget allocations for each department don't add to \$10 because of rounding

"Clear Winners" (in bold/italic) received both the highest average \$ allocation and the fewest \$0 allocations from the respective survey groups

OVERVIEW

<i>Frequently Mentioned Service Items of the Major Departments, by Type</i>	<i>2001 Totals (% of all)</i>	<i>Change over 2000</i>	<i>Youth Totals (% of all)</i>
<i>Responsiveness Issues:</i>			
(POLICE) Police deployment/community policing	20 (7.4%)	Increased	18 (10.7%)
(ALL) City employee performance and management	18 (6.7%)		1 (0.6%)
(ALL) Handling of City service complaints	12 (4.4%)		--
(ALL) Treat all City areas equally, focus more on neighborhoods	11 (4.1%)		--
(POLICE) Police response time	7 (2.6%)	New	8 (4.7%)
(POLICE) Police officer propriety	6 (2.2%)		1 (0.6%)
<i>Maintenance Tasks:</i>			
(PLD) street lighting in neighborhoods, including alleys	15 (5.6%)	Increased	11 (6.5%)
(DPW) street maintenance	11 (4.1%)	Increased	16 (9.5%)
(REC) tree trimming or removal	11 (4.1%)	Increased	--
(REC) recreation facilities maintenance and park mowing	9 (3.3%)	Decreased	9 (5.3%)
(DPW) Alley fixing or closing	4 (1.5%)	Decreased	--
(DPW) sidewalk repair	3 (1.1%)		4 (2.4%)
(DPW/BSE) pace of demolition of abandoned buildings	3 (1.1%)		14 (8.3%)
<i>Enforcement Tasks:</i>			
(POLICE) tight enforcement of all other laws	12 (4.4%)	New Decreased Decreased	5 (3.0%)
(POLICE) drug enforcement	10 (3.7%)		1 (0.6%)
(HEALTH/DPW) rodent control	7 (2.6%)		2 (1.2%)
(DPW) environmental inspection, enforcement (incl. dumping)	7 (2.6%)		--
(POLICE) traffic enforcement	5 (1.9%)		2 (1.2%)
<i>Cleanup Tasks:</i>			
(DPW) vacant lot and other cleanup	13 (4.8%)	Decreased	14 (8.3%)
(DPW) cleaning streets, business districts	11 (4.1%)		3 (1.8%)
(DPW) bulk pickup timing and enforcement	8 (3.0%)		1 (0.6%)
(POLICE) abandoned cars	5 (1.9%)		1 (0.6%)
<i>Other Service Provision:</i>			
(REC) additional recreation facilities and programs	7 (2.6%)	Decreased	20 (11.8%)
(DPW) traffic signage	4 (1.5%)	New New	--
(DPW) more recycling opportunities	3 (1.1%)		--
(REC) improve Belle Isle	2 (0.74%)		1 (0.6%)
Total Major Department Comments	224 (83%)		131 (77.5%)
Total of All Service Items on Survey	270 (100%)		169 (100%)

TOTAL ADULT COMMENTS by Major Department: DPW: 67, 10 items; Police: 65, 7 items; Recreation: 29, 4 items; PLD: 15, 1 item; Fire: 0 items; Health: 7, 1 item

OTHER ADULT SERVICE COMMENTS (46):

better public transportation (7); reduce city taxes (6); sell City parcels cheap (5); sell/privatize assets (5); City Council waste (4); ineffective NCH system (4); collaboration with DPS (3); better libraries (2); streamline City employment process (2); regulate handbills/campaign signs (2); enforce living wage (1); business loans for blacks (1); Fort Wayne (1); improve zoning/land use/planning (1); water purity (1); fight frivolous lawsuits (1)

OTHER YOUTH SERVICE COMMENTS (38):

Redevelopment (housing/malls)(9); better schools (5); safety in walking (5); animal control (3); physical appearance (3); refuse collection (3); more community meetings/organization (3); youth jobs (2); snow removal (2); more restaurant inspection (1); better public transportation (1); reduce liquor stores (1)

OVERVIEW

LONG-TERM OPERATIONAL AND FINANCIAL POLICY OF THE CITY

In the Spring of 1995 the City began a shift to results-oriented program management and evaluation. A citywide vision, mission and cornerstone goals were stated, to frame the operational goals and objectives set by each City agency. A number of self-study techniques were subsequently introduced as tools to clarify and prioritize agency service objectives. Long-term operational and financial policies have been developed as a result.

Operational Planning and Goals

The hallmarks of City operations management are planning and information. This involves agency level self-study, and citywide policy making.

In 1995, the City began using the Continuous Improvement Process, a systematic approach to identify and eliminate waste or non-value added activities in all products and services (“to optimize all resources to produce world class quality products and services at the right time, in the right quantities, based on customer demand”). In 1999, city services were benchmarked in a Detroit Renaissance assessment, and Labor-Management Quality Teams in six departments studied core service processes. The Detroit Renaissance study identified major areas of opportunity in eleven agencies, as well as ten activities currently performed well by the City. Labor-Management Quality Teams in six departments convened employees from all levels to study their core operations: Finance (purchasing and accounts payable), Fire (emergency medical service response time), Transportation (coach maintenance), Recreation (park maintenance), Buildings and

Safety Engineering (code enforcement procedures and residential permitting); and the Detroit Zoological Institute.

Operational planning has occurred in each department using these studies and the participation of all levels of employees to build departmental goals, measures, and targets. Performance indicators have been attached to major measurable service components for tracking. The resulting plans have been annually updated as part of the budget development process, and presented with the annual Executive Budget.

The Executive Budget narratives include a “Planning for the Future” section for each agency to describe their 3 - 5 year outlook, developed as a result of the setting of strategic directions for the city in 1999. This outlook anticipates expected and possible changes in agency operating environments (accounting for governmental mandates, trends and program initiatives). The agency assessment produced staff, equipment and other resource proposals over the near-term, which were screened and sorted by the Budget Department, with staff from the Human Resources and Information Technology Services Departments. This perspective is informed by a projection of major revenues through 2010.

Citizen input is also factored into operational planning. Since 1997, the City has administered a Survey of Citizen Satisfaction and City Service Priorities in conjunction with the annual public budget meetings. This survey advises the proposals of major General Fund departments (Police, Fire, PLD, Health, DPW and Recreation), and the findings are available every Fall on the City

OVERVIEW

of Detroit website. In 2000, the Revenue Task Force was convened to formalize citizen input into the overall distribution of any additional revenues that might be realized from the casino gaming tax. 400 community stakeholders were invited to participate, four meetings were held, and a steering committee comprised of the nine workgroup chairpersons presented a report on April 5, 2000, which outlined their priorities.

The guiding principles used by the City for operational policy decisions are:

- ☆ Standard of efficiency and effectiveness in service delivery
 - a committee of business and labor leaders has been appointed to look for ways to reduce expenses, eliminate redundant processes and streamline operations, reporting back by the end of May 2002
 - a capital committee was created early in 2002 to review all substantial city contracts to make sure they are cost effective
- ☆ Practice of priority-setting to guide resource allocations
 - the initial priorities of the Kilpatrick Administration have been stated as “Kids”, “Cops” and “Clean.”
 - ten community areas defined under the Community Reinvestment Strategy will be used by field departments to better target neighborhood needs and coordinate city services
- ☆ Commitment to city service planning
 - laying out and following processes for vehicles, technology, city facilities,

and other resource planning

- longer-term decision making horizons
- collaboration with citizens, community organizations, businesses, and all other segments of Detroit
- commitment to performance tracking, benchmarking and other information gathering activities that relate to City services

- ☆ Open communication of decision making information
 - annual Survey of Citizen Satisfaction and City Service Priorities in conjunction with the annual public budget meetings
 - cycle of user-friendly reports

Long Term Financial Goals

These goals serve as guiding principles for fiscal policy decisions:

- ☆ Maintain balanced operations.
 - Expenditures will not exceed anticipated revenues.
 - Any significant costs for major projects or initiatives will be dealt with in a manner that will not affect the General Fund.
 - The Continuous Improvement Process will be used to reduce current expenditures, improve services and maintain balanced operations.
- ☆ Detail studies of City costs associated with fee based services to insure that service fees cover the related cost.
- ☆ Build Financial Reserves.
 - Gradual build up of funds in the Budget Stabilization Fund
 - Maintain adequate reserves in the

OVERVIEW

- Insurance Reserve Fund.
 - Eliminate unfunded liabilities of the Pension Fund.
- ☆ Provide Tax Relief while maintaining essential services.
- ☆ Seek permanent funding sources especially in the areas of the Cultural Arts and Public Transportation.
 - Explore a regional dedicated tax and/or merger with regional entities to ensure the existence of quality services at equitable costs.
- ☆ Revenue collections
 - Generate additional revenues and receive new grant or foundation funding, to increase services.
 - Aggressively collect delinquent revenue owed to the City. New procedures are being developed to actively pursue the collection of all revenues and maintain an acceptable collection rate.
- ☆ Maximize revenue from State and Federal Governments
- ☆ Financial Reporting
 - Continuously improve the new financial reporting system.
- Implement a human resource management system.
- ☆ Enterprise Fund self-sufficiency
 - Develop strategies so that all Enterprise Fund departments will generate sufficient revenues to cover the cost of their operations.
- ☆ Utilizing Resource Recovery to its full capacity
 - Increase the efficiency of the Resource Recovery facility through the marketing of excess capacity to outside entities.
- ☆ Modernize Public Lighting utility
 - Improve reliability and safety at the lowest possible cost.
 - Continue the upgrading of residential and main street lighting.
 - Attain compliance with all applicable, Federal, State and local environmental and safety requirements.
- ☆ Internal five year model
 - These internal models enable the Budget Department to assess changing conditions and plan for operational adjustment

City of Detroit City Service Planning Model

